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ALLOTMENTS FROM PAY OF ENLISTED MEN

HEARINGS

BEFORE THE

COMMITTEE ON MILITARY AFFAIRS

Consensus,
UNITED STATES SENATE
"

SIXTY-FIFTH CONGRESS

THIRD SESSION

ON

H. R. 13306

TO AUTHORIZE THE PAYMENT OF ALLOTMENTS OUT OF THE PAY
OF ENLISTED MEN IN CERTAIN CASES IN WHICH THESE
PAYMENTS HAVE BEEN DISCONTINUED.

JANUARY 14, 1919.

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ALLOTMENTS FROM PAY OF ENLISTED MEN.

TUESDAY, JANUARY 14, 1919.

UNITED STATES SENATE,
COMMITTEE ON MILITARY AFFAIRS,
Washington, D. C.

The committee met at 11.15 o'clock a. m., the committee room, Capitol, Senator George E. Chamberlain presiding.

Present: Senators Chamberlain (chairman), Fletcher, Thomas, Beckham, Kirby, McKellar, Warren, Weeks, Sutherland, New, Frelinghuysen, and Knox.

The committee had under consideration the following bill:

[H. R. 13306, Sixty-fifth Congress, third session.]

A BILL, To authorize the payment of allotments out of the pay of enlisted men in certain cases in which these payments have been discontinued.

Whereas in the act known as the act to authorize the establishment of the Bureau of War Risk Insurance in the Treasury Department, provision was made for the payment of allotments to the beneficiaries indicated in a proper authority of allotment by the men enlisted in the military service of the United States; and

Whereas under this provision many enlisted men filed the proper papers authorizing such payments with the Bureau of War Risk Insurance; and

Whereas in these cases and pursuant to this authority payments were regularly made to the beneficiaries up to July first, nineteen hundred and eighteen, by this bureau; and

Whereas as of that date the payment of allotments not carrying allowances was ordered to be discontinued by the Quartermaster General of the United States Army pending the receipt of a new authority of allotment from the enlisted man; and

Whereas many of these new authorities have never been received by the Quartermaster General, owing to the inability of the parties in interest to communicate with the soldiers; and

Whereas this discontinuance of the payment of these duly authorized allotments has operated to the very great detriment and suffering, in many cases, of the allottees: Now, therefore

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in all of those cases in which an authority of allotment by an enlisted man directing the payment of an indicated amount to a designated beneficiary is on file in the Bureau of War Risk Insurance, and payments pursuant to this authority had been made by said bureau prior to July first, nineteen hundred and eighteen, but which payments were discontinued as of that date, the Quartermaster General is directed to resume the payment of allotments in these cases, pursuant to the authority on file as aforesaid, pending the receipt of a new authority, or of a written rescission of the old authority from the enlisted man. In those cases in which pending the receipt of the new authority, the military authorities, beginning with July first, nineteen hundred and eighteen, have reserved from month to month out of the soldier's monthly accruing pay, the amount directed to be paid by the original authority of allotment, the Quartermaster General, upon resuming the payment of allotments in such cases, under the authority of this act, shall pay all arrearages out of these respective reservations.

The CHAIRMAN. The committee will be very glad to hear you, Mr. Saunders?

STATEMENT OF HON. EDWARD W. SAUNDERS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VIRGINIA.

Mr. SAUNDERS. Mr. Chairman and gentlemen, the matter that I desire to bring up is a matter that affects every State in the Union, and I think when I shall have presented the facts, there will be no opposition to the bill.

The bill is House bill 13306, and relates to the payment of discontinued soldiers' allotments. The members of the committee will remember that under the Bureau of War Risk Insurance act, when authority was given to the soldiers to make allotments, it was provided with respect to a certain character of these allotments, namely, in case of dependents, that the allotments should be followed up with allowances which would be paid out of the Treasury. It was further provided in the bill, which the committee is familiar with, that the payments of allotments should be made under regulations that were to be made by the Secretary of War and the Secretary of the Navy. Pursuant to authority given by that bill, hundreds of thousands of soldiers made their allotments, and under the regulations these respective cases were adjudicated and payments began on the same allotments, some of them carrying allowances under the law and others not.

Payments were made under this situation of affairs up to July 1 of the year 1918, and just about that time some negotiations or conferences took place between the Bureau of War Risk Insurance and the War Department and the Navy Department. I am unable to find out exactly who was responsible for the action that was taken, but that is not material. Action was taken, and the action taken was that the War Department took over the payment of all soldiers' allotments that did not carry allowances. There was no objection to that because the allotments not carrying an allowance came exclusively out of the soldiers' pay, and the jurisdiction in respect to that properly belonged to the War Department. If they had taken up the payment of those cases as I have said, there would have been no objection to it, because everything then would have proceeded regularly and smoothly as far as the allottees are concerned. But when they came to deal with the situation they discontinued every existing allotment and the payment of them and provided for a new authority of allotment, and until that new authority of allotment was received by the War Department no payments were made to the allottees under the old authority. Now, the demand for a new authority was by order of the War Department, and there have been many thousands of them which have never been filed.

The CHAIRMAN. Seventy thousand, I hear.

Mr. SAUNDERS. It seems to be impossible to find out how many, but there are many, many thousands of cases of allotments not carrying allowances, with respect to which no new authorities have been received by the War Department, and in every one of those cases the payment of allotments has been discontinued, and they have been discontinued now for something like six months.

The CHAIRMAN. I believe the claim is, Judge, is it not, that they misconstrued the statute as to dependencies?

Mr. SAUNDERS. This had nothing to do with dependencies. My bill does not deal with dependencies at all.

Senator WARREN. Is it your claim that they are retaining these allotments not paid, to be paid to the soldiers themselves?

Mr. SAUNDERS. I make that claim with respect to all cases in which allotments have been made and the discontinuance exists.

Senator WARREN. And they will pay to the men?

Mr. SAUNDERS. That is the next step. I do not know whether in some cases they pay full pay to the soldiers or not.

The CHAIRMAN. Why did they discontinue all these allotments?

Mr. SAUNDERS. They never have been able to offer any sufficient reason why that was done, but the fact remains that it was done, that every allotment in progress of payment as of July 1 last was discontinued.

The CHAIRMAN. And they made no allotments at all?

Mr. SAUNDERS. They provided for a new authority in each case, and to secure that new authority, which was to be furnished on a War Department form, they sent out notices.

The CHAIRMAN. So it required them all to make an application?

Mr. SAUNDERS. It required every one to make a new application, and until this new application or new authority of allotment was received, payments under the old authority of allotment were discontinued.

Now, that is the state of the record. The Secretary of War has undertaken to say that there are a few of these cases. There are literally thousands of them. There is not a Member of Congress whose files are not choked with letters from allottees claiming that they have not received allotments from July 1 last, although prior to that time the allotments were being regularly paid to them.

Senator KIRBY. Does the information you have go further to show that since the allottees have quit receiving pay because of a new allotment being required, that the soldier himself has not received entire pay?

Mr. SAUNDERS. As I said a moment ago, I can not ascertain as to that, but I have brought here a few typical letters. I do not know in how many cases the soldier has been paid and in how many cases he has not been paid, but I have a number of letters in which the soldier writes to the allottee inquiring whether they have been receiving their allotment or not, and stating that the amount he has regularly taken out of his pay.

Senator SUTHERLAND. Have they not asked some of the allottees to pay back?

Mr. SAUNDERS. That relates to a different situation.

Senator SUTHERLAND. Many of them seem to be simply matters of form rather than actual errors.

Mr. SAUNDERS. That related to a different situation. The situation with which my bill deals is simply with respect to cases of allotment not carrying allowances which were in progress of payment as of July 1, last, which had in each case necessarily been adjudicated, and with respect to which there is already on file in the Bureau of War Risk Insurance sufficient authority for the allotment from the soldier.

Senator WARREN. Have you made inquiry of the Department, and if so, what answers have you received from it?

Mr. SAUNDERS. The department admits that the discontinuance has been effected. It seems to be difficult to find out who is primarily

responsible for the discontinuance, so I have for the present discontinued my inquiries into that. The fact remains that they have been discontinued.

Senator WARREN. You are not certain whether it started with the Treasury Department or the War Department?

Mr. SAUNDERS. Or the War Risk Insurance Bureau. I imagine it must be the War Department.

Senator FLETCHER. Do you need legislation to accomplish that?

Mr. SAUNDERS. Yes; the situation is this——

Senator FLETCHER. It looks to me as if it might be adjusted without legislation.

Mr. SAUNDERS. But they do not do it. This situation has been in progress for six months. I will say with respect to the legislation that the Secretary of War, after we had this bill brought into the House and discussed before the committee and then passed through the House, the Secretary said that he had no objection to the passage of this bill.

Now, the bill is this: That in every case of soldiers' allotments, which were in progress of payment as of July last, now payment shall be resumed. The bill only takes in the adjudicated cases, as I said a moment ago. I do not raise any question as to those other cases that there may be some possible controversy about, but all cases as of July 1 last in which payments were in process of being made and were discontinued and are included in the bill. Whoever may have been responsible for the order is immaterial.

Senator WARREN. If it was discontinued by the soldier himself, that does not apply?

Mr. SAUNDERS. No, sir; because the bill provides that in case of rescision by authority of the soldier there should be no resumption of payment. In cases, as I have said, the War Department will resume the payment of the allotments.

Senator KIRBY. As of what date?

Mr. SAUNDERS. They will be resumed the payment as of the date of the passage of this act.

Senator WARREN. Would they resume payments of the pay back to the old time?

Mr. SAUNDERS. No, sir.

Senator WARREN. They would commence now?

Mr. SAUNDERS. They would only pay back as of the old time in one phase of the situation, which I will explain——

Senator BECKHAM. Arrears?

Mr. SAUNDERS. The arrears. This bill further provides in these cases—and there are many of them, how many it is impossible for us or you to ascertain—but there are many of these cases; I have a few, as I have said, typical letters here that I brought this morning, in which reservation has been made from the soldier's pay, and in those cases beginning as of July 1 last the War Department has reserved out of the soldier's pay the amount of the allotment. So that the arrears are in the hands of the War Department. This bill provides in those cases that arrearages shall be paid as well as the allotment from that time forward.

Now, that is the scope of the bill, and it deals only with that situation of facts.

The CHAIRMAN. There is no charge of fraud, is there?

Mr. SAUNDERS. No, sir; there is no question of fraud, because, as I say, I simply deal with those cases in which this Government discontinued the payment of adjudicated cases.

The CHAIRMAN. Pardon me a moment. Does not the Secretary of War know where this error originated?

Mr. SAUNDERS. I suppose it can be ascertained. There seems to have been a controversy.

The CHAIRMAN. But he ought to know without inquiry.

Mr. SAUNDERS. I was clearly of the opinion, as the result of the letters I was getting, that the discontinuance originated in the initiative of the War Department, but that is challenged, so I do not go into that.

The CHAIRMAN. It must have been initiated by him. He is the head of the department and I should think he would know.

Senator KIRBY. The Treasury Department had the payment of this in hand, had it not?

Mr. SAUNDERS. The jurisdiction of payment of allotments not carrying allowances belongs to the War Department—that particular jurisdiction—and if the Treasury Department was paying any of them, they were only paid by the general regulations agreed upon by the Secretary of the Navy and the Secretary of War jointly. Now, that is the status of the matter.

Senator FLETCHER. How about the next phase of the bill?

Mr. SAUNDERS. I am dealing only with those cases in which the War Department from July last has reserved the amount of the allotment out of the soldier's pay. In those cases of course the arrearages ought to be paid, but the arrearages are not to be paid in any other case.

Now, just one word in addition. There is no difficulty in this matter, for the reason that in each one of these cases there is on file in the Bureau of War Risk Insurance the authority for the allotment from the soldiers, and the War Department can either have that authority bodily transferred into the quartermaster's office or can secure a copy for its own purpose, and then upon that proceed to make payments for the future.

Senator McKELLAR. Have you your bill here with you?

Mr. SAUNDERS. Yes; it is here.

Senator KIRBY. The bill seems to me to be fair and right, but here is the proposition of accounting. In paying these arrearages where the money has been retained from the soldier's pay, would it not be necessary before that could be paid to get the soldier's account from where he has been paid and verify what the amount on hand is?

Mr. SAUNDERS. That is in the War Department.

Senator KIRBY. Is that already here?

Mr. SAUNDERS. That is already in the War Department.

Senator KIRBY. Is that in the War Department here, or across the seas?

Mr. SAUNDERS. I do not know that.

Senator KIRBY. Of course, it would not be paid until that was done anyway.

Mr. SAUNDERS. It could not be paid until that was done, and I will say with reference to the allotments furnished on new authority that where they are procured they are going ahead and paying them.

Senator KIRBY. Of course; I understand that.

Mr. SAUNDERS. And here is an accumulation—oh, it is possibly millions—here of money that is due to these soldiers, and that has not been paid. If I could ascertain the number of allottees I could very easily give you, by simple calculation, how much of this arrearage is due. The other day I was in New York, and the attorney for the Red Cross, having seen something about this bill in the papers, asked me to have a conference with him, and he called at my room and said he wished I would come around to the service section of the Red Cross in New York to see the thousands of cases of this sort that they had of widows and mothers who are entitled to these allotments, which have been discontinued as of July last.

Senator WARREN. And undoubtedly a good many have since then made efforts to have it adjusted, and I can imagine that there will be a great many of those in hospitals and elsewhere scattered all over the country.

Mr. SAUNDERS. Yes, in many cases.

Senator WARREN. You had to have something from the soldier himself to start in with?

Mr. SAUNDERS. As I have said, I am not dealing in this bill with any cases, except those in which they have authority from the soldiers, which is on file with the War Risk Insurance Bureau. The War Department stated those papers were not in their files, which was the reason for their being discontinued; that otherwise they could dispose of them very readily.

Senator KIRBY. Suppose they would not let them have it; the Treasury Department would necessarily pay out the money on that as a voucher.

Mr. SAUNDERS. There is a statute by which the President could transfer those records bodily. But that does not occasion any real difficulty, when they can secure copies of the original records from which payments had been made. They could have continued these payments upon copies of the original authorities of allotment and made payments there until the new authority was received. I will say that I have covered that matter very carefully. My bill provides:

In those cases in which pending the receipt of the new authority the military authorities, beginning with July first, nineteen hundred and eighteen, have reserved from month to month out of the soldier's monthly accruing pay the amount directed to be paid by the original authority of allotment, the Quartermaster General upon resuming the payment of allotments in such cases, under the authority of this act, shall pay all arrearages out of these respective reservations.

I thank the committee very much for its attention.

STATEMENT OF HON. WILLIAM B. BANKHEAD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ALABAMA.

Mr. BANKHEAD. Mr. Chairman, and gentlemen of the committee, I think Judge Saunders has very fully stated to the committee the urgent necessity for early, and we trust favorable, action upon this bill by the Committee on Military Affairs of the Senate. I am sure that the mail of every Senator, as Judge Saunders has suggested, is full of such complaints from allottees, with reference to the effect of this order that was made effective July 1, transferring the jurisdiction of the payment of these allotments from the Bureau of War Risk Insurance to the Quartermaster General's Office, as he has stated. We never have been able to ascertain definitely upon what

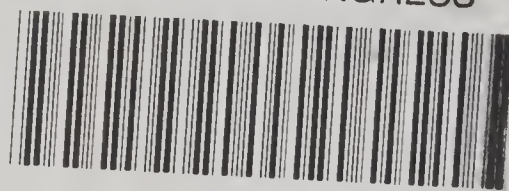
authority that change was made. Some effort has been made to justify it by the assumption that there was some amendment passed by Congress to the original war-risk act, which required it upon the part of the Quartermaster General's office, but that is not true. We feel that the bill which has been introduced by Judge Saunders, and which passed the House without a single dissenting vote, corrected the situation, and it is one of apparently such imperious necessity that all I want to say is—and I am sure I express the sentiment of every Member of the House—that there is an earnest desire on the part of these allottees, many of whom are in desperate circumstances on account of this confusion, that your committee will give the matter as early consideration and action as possible.

The CHAIRMAN. We thank you gentlemen for your statements. The committee will consider the bill in executive session.

(The committee at this point suspended further hearing on the allotment matter.)

PAT. JAN. 21, 1906

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